

Message Text

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PAGE 01 NEW DE 05004 311202Z

ACTION COME-00

INFO OCT-01 ARA-10 EUR-12 EA-10 NEA-10 IO-13 ISO-00

CIAE-00 DODE-00 NSAE-00 NSCE-00 SSO-00 USIE-00

INRE-00 AGRE-00 CEA-01 EB-08 FRB-03 H-01 INR-10

INT-05 L-03 LAB-04 PA-01 CTME-00 AID-05 SS-15

STR-07 ITC-01 TRSE-00 SP-02 SOE-02 OMB-01 DOE-15

/140 W

-----057222 311207Z /13

O R 311119Z MAR 78

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC IMMEDIATE 590

INFO /AMEMBASSY BRASILIA 65

AMEMBASSY MONTEVIDEO

AMEMBASSY MADRID

AMEMBASSY SEOUL

USMISSION GENEVA

AMEMBASSY MEXICO

LIMITED OFFICIAL USE NEW DELHI 5004

USMTN

E.O. 11652: N/A

TAGS: ETRD, MTN, XM, XG, IN, KS

SUBJ: USG HANDLING OF AUTOMOTIVE EXPORT REQUIREMENTS IN MTN

REF: STATE 77506

1. UNDER THE FOREIGN EXCHANGE REGULATIONS ACT OF 1973 (FERA), ONLY MANUFACTURE OF "COMMERCIAL VEHICLES" (TRUCKS AND BUSES) IS INCLUDED WITHIN CATEGORY OF "SOPHISTICATED TECHNOLOGY". OTHER TYPES OF AUTOMOBILES ARE NOT INCLUDED WITHIN THIS GROUP.

2. THE FOREIGN EQUITY AND EXPORT RATIOS GIVEN IN PARA 4
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PAGE 02 NEW DE 05004 311202Z

REFTEL ARE THOSE CONTAINED IN GUIDELINES ISSUED UNDER FERA, WHICH IS THE LEGAL BASIS FOR ALL GOVERNMENT OF INDIA (GOI) ACTIONS IN THE MATTER. UNDER FEAR THE LEVEL OF FOREIGN EQUITY HOLDING PERMISSIBLE IS LINKED TO EITHER SOPHISTICATION OF TECHNOLOGY OR LEVEL OF EXPORTS BUT, IN ACTUAL PRACTICE, IT IS GENERALLY A COMBINATION OF BOTH DEPENDING UPON EVALUATION OF EACH CASE BY THE FERA

COMMITTEE WHICH IS AN INTER-MINISTERIAL AGENCY OF THE GOI.
3. FIRMS MANUFACTURING AUTOMOTIVE ANCILLARIES SUCH AS TRANSMISSION SYSTEMS, CLUTCH AND BRAKE ASSEMBLIES, BEARINGS, ENGINE COMPONENTS AND SUSPENSION SYSTEMS, LARGELY FOR THE DOMESTIC MARKET, DO NOT QUALIFY FOR FOREIGN EQUITY HOLDING IN EXCESS OF 40 PERCENT ON BASIS OF "SOPHISTICATED TECHNOLOGY" IRRESPECTIVE OF WHETHER THEIR PRODUCTS ARE PREDOMINANTLY USED IN ASSEMBLY OF "COMMERCIAL VEHICLES". EQUITY HOLDING IN INDIAN-FOREIGN JOINT VENTURES IN ALL SUCH CASES IS DEPENDENT ONLY ON PAST EXPORT PERFORMANCE AND ON FUTURE EXPORT OBLIGATION WHICH COMPANY UNDERTAKES UNDER THE FERA GUIDELINES. MANY US-INDIAN JOINT VENTURES IN THIS AREA HAVE ACCEPTED THE EQUITY AND EXPORT STIPULATIONS OF THE GOI IN ORDER TO OBTAIN PERMISSION EITHER TO EXPAND OR DIVERSIFY THEIR PRODUCT LINES.

4. G.O.I. RATIONALE FOR EXPORT REQUIREMENTS ON AUTOMOTIVE EQUIPMENT IS BASED ON GENERAL EXPORT EXPANSION POLICY, OWING TO TRADITIONALLY WEAK INDIAN BALANCE OF PAYMENTS POSITION. IN VIEW OF RECENT B/P SURPLUSES AND GROWING FX RESERVES, EXPORT PROMOTION IS NO LONGER SUCH A CRUCIAL CONSIDERATION AS IT WAS PREVIOUSLY.
GOHEEN

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, POLICIES, AUTOMOTIVE INDUSTRY
Control Number: n/a
Copy: SINGLE
Draft Date: 31 mar 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Executive Order: N/A
Errors: N/A
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From: NEW DELHI USMTN
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t1978033/aaaaacle.tel
Line Count: 85
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 890738be-c288-dd11-92da-001cc4696bcc
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Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
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Previous Handling Restrictions: ONLY
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Subject: USG HANDLING OF AUTOMOTIVE EXPORT REQUIREMENTS IN MTN
TAGS: ETRD, XM, XG, IN, KS, MTN
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Type: TE
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Review Markings:
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